




City of Rockville FY 2004 Budget In Brief

On April 14, City Manager Mark Pentz presented the proposed FY 2004 budget to the Mayor and Council. This Budget in Brief provides an overview of the proposed budget.

From the City Manager:

It is a privilege to present the proposed budget for the City of Rockville for FY 2004, which begins July 1, 2003. This proposed budget is austere, but adequate – it is a conservative spending plan to meet citizens’ service needs during an economic downturn without raising the tax rate. The property tax rate remains at \$0.322 per hundred dollars of assessed valuation for real property. At the same time, the budget addresses the second year of implementation of the Mayor and Council’s 2002-2007 Strategic Plan goals, and provides infrastructure funding for the Mayor and Council’s top priority: a revitalized Town Center.


W. Mark Pentz, City Manager

Fiscal Outlook for FY 2004

In FY 2004, the fiscal outlook of cities, counties and states across the United States is bleak. The State of Maryland is attempting to balance its budget, and to date, the cost for Rockville residents is approximately \$800,000 in lost Highway User Revenues, which previously would have come to the City. In response to lost State revenues, City departments made \$891,951 of cuts from the original budget target for FY 2004. These cuts ranged from eliminating positions to cost-saving techniques within departments.

Despite a pessimistic regional outlook for FY 2004, the City of Rockville’s property tax revenue continues to grow; income tax revenue remains steady; and the projected return on investment for the new Town Center point to a bright economic outlook for Rockville in the long run. However, the City remains conservative in its revenue projections and spending and continues to hone its multiyear Fiscal Impact Analysis which models various growth scenarios and anticipated staffing and service level needs. In addition, the Mayor and Council have been aggressively pursuing a federal legislative agenda that in FY 2003 resulted in \$2.9 million earmarked funding for the City. The City received funding for Town Center, pedestrian safety improvements, stormwater management and police communications and technology enhancements, all of which will improve the City’s ability to fund needed CIP projects.

Budget Available Online

Copies of the FY 2004 budget are available at City Hall, the Rockville Regional Library and the Twinbrook Library. Additionally, for the first time, the complete proposed budget will be available online at www.ci.rockville.md.us/budget.

Citizens are encouraged to examine the proposed budget and offer suggestions during the public hearings on April 28, and May 5, at 7:30 p.m. at City Hall (111 Maryland Ave.). Any citizen can come to the hearings and comment on the budget. Also, the Mayor and Council will hold public worksessions related to the budget, and citizens are invited to attend.

FY 2004 Budget Schedule

- **April 28** Budget public hearing #1
- **May 5** Budget public hearing #2
- **May 13** Budget worksession #1
- **May 20** Budget worksession #2
- **May 28** Budget worksession #3 (if needed)
- **June 9** Budget and taxes and utility rates adopted by the Mayor and Council

Total Budget

- The property tax rate remains unchanged at \$.322.
- The FY 2004 operating budget is \$69,006,948. This represents a net increase of five percent over the modified FY 2003 budget.
- The General Fund budget of \$44,665,926 is four percent higher than the modified FY 2003 budget, net of the appropriated fund balance in the General Fund.
- General Fund revenue in FY 2004 will exceed the revenue in the modified FY 2003 budget by \$1.7 million. The major portion of the General Fund revenue growth is a projected increase in real property tax revenue of \$2.0 million (11 percent over the FY 2003 modified amount). Income tax revenue is budgeted to increase by \$210,000 (3.4 percent of the FY 2003 modified amount). However, the income tax revenue estimated for FY 2004 is below the amount actually received in FY 2001.
- The Capital Improvements Program (CIP) incorporates \$163,446,528 of community enhancements to be made over the next six years. In addition, open projects from prior years in the amount of \$59,512,572 will be included in the FY 2004 CIP appropriation.
- In FY 2004, the Capital Projects Fund will issue bonds in the amount of \$11.9 million to finance projects. The Water Facility Fund will receive \$4.5 million in additional loan funds from the Maryland Department of the Environment for capital projects and the Sewer Fund will issue bonds in the amount of \$1 million in FY 2004 to finance improvements at the Blue Plains Wastewater Treatment Plant. The Refuse Fund will issue bonds in the amount of \$183,015 to fund vehicle purchases. During the six-year CIP period, the City also will be issuing \$46.7 million in revenue bonds to finance three public parking structures in Rockville’s Town Center.



- The Water rate will increase by \$.07 per thousand gallons in FY 2004, raising the rate to \$1.99 per thousand gallons, an increase of 3.6 percent. Due to a significant accumulated balance in the Water Facility Fund, rates are currently set at a level below the amount needed to cover all operating and debt service costs and to contribute to major capital costs. As a result, successive annual rate increases will be needed for the next several years to bring the rate up to this required level. Rockville continues to produce quality water at a rate significantly below WSSC’s, providing City customers with a great value. The rate increase also will support \$34,066 in additional staffing and \$2,000 in maintenance for the new Glen Mill Pump Station.
- The Sewer rate will increase by \$0.12 per thousand gallons in FY 2004, raising the rate to \$3.50 per thousand gallons, representing an increase of 3.6 percent. Nearly all of the capital costs in the Sewer Fund, and a substantial portion of the operating costs, are payments for the operation of, and capital improvements to, the Blue Plains Wastewater Treatment Plant. The 1998 Master Plan for the District of Columbia Water and Sewer Authority included a significant increase in planned capital costs, as reflected in the Regional Treatment Facilities CIP project. Similar rate increases are anticipated in future years depending on the pace of work at the Blue Plains facility. Even with the increase, the City’s rate remains below the WSSC rate.
- The Refuse rate will increase by \$1.50 per month. The proposed FY 2004 rate of \$25.25 is a 6.3 percent increase from FY 2003. Because of past accumulated balance in the Refuse Fund, rates are currently set at a level below the amount needed to cover all operating and debt service costs. As a result, successive annual rate increases will be needed for the next few years to bring the rate up to this required level. ■